

Message Text

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ACTION EB-08

INFO OCT-01 ARA-14 EUR-12 EA-12 NEA-10 ISO-00 L-03
FRB-01 OMB-01 ITC-01 SP-02 USIA-15 AGRE-00 AID-05
CIAE-00 COME-00 INR-07 IO-14 LAB-04 NSAE-00
OIC-02 SIL-01 STR-05 TRSE-00 CEA-01 SS-15 /134 W
-----042287 151235Z /14

R 141336Z DEC 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 4060

INFO ALL OECD CAPITALS

AMEMBASSY BANGKOK

AMEMBASSY BRASILIA

AMEMBASSY BUCHAREST

AMEMBASSY CARACAS

AMEMBASSY COLOMBO

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LIMA

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

USLO PEKING

USMISSION USUN NEW YORK

AMEMBASSY WARSAW

UNCLAS GENEVA 12108

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: TECHNICAL DISCUSSIONS AT 2ND INTERGOVERNMENTAL
TASK FORCE MEETING ON RUBBER

REFERENCE:

1. A SHORT SYNOPSIS OF THE BRIEF TECHNICAL DISCUSSIONS AT
THE DECEMBER 6-9 RUBBER TASK FORCE MEETING FOLLOWS:

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2. FINANCING. PRODUCERS PRESENTED THEIR PROPOSAL AT
PREVIOUS UNCTAD RUBBER MEETINGS AS A 400,000 METRIC TON
BUFFER STOCK FINANCED ENTIRELY BY DIRECT GOVERNMENT
CONTRIBUTIONS ON AN "ABILITY TO PAY" BASIS. QUESTIONING
BY USDEL PROVIDED THE FOLLOWING:

--THE VALUE OF THE 400,000 MT STOCK WOULD, IN FACT, BE

THE AMOUNT OF DIRECT GOVERNMENT CONTRIBUTIONS TO THE AGREEMENT. HOWEVER, UNDER QUESTIONING, PRODUCERS ESTIMATED THAT THIS BASE QUANTUM COULD BE LEVERAGED TO RAISE ANOTHER 300,000 MT THROUGH COMMERCIAL BORROWING. IT IS NOT YET CLEAR IF PRODUCERS DID IN FACT TAKE THIS LEVERAGE.

POTENTIAL INTO ACCOUNT BECAUSE THEY HAVE JUSTIFIED 400,000 MT AS MAXIMUM NEEDED TO BE TAKEN OFF MARKET TO PROTECT FLOOR PRICE.

--PRODUCERS ARE NOW PROPOSING THAT DIRECT GOVERNMENT CONTRIBUTIONS FOR BUFFER STOCK FINANCING BE SHARED EQUALLY BETWEEN PRODUCERS AND CONSUMERS, DROPPING THE NOTION OF AN "ABILITY TO PAY" CRITERION AND ARE EXPECTING THEIR SHARE TO BE 200,000 MT EQUIVALENT.

--PRODUCERS ARE NOW PROPOSING THAT NATIONAL STOCKS ACCUMULATED DURING PERIODS OF EXPORT CONTROLS BE JOINTLY FINANCED BY PRODUCERS AND CONSUMERS.

3. SUPPLY RATIONALIZATION. PRODUCERS HINTED THAT THEY MAY BE WILLING TO AGREE THAT NO PRODUCTION CONTROLS ON ESTATES WOULD BE IMPLEMENTED DURING PERIODS OF EXPORT CONTROLS. THEY REITERATED THEIR POSITION THAT EXPORT CONTROLS SHOULD BE PART OF AN AGREEMENT ONLY AS A CONTINGENCY SUPPORTING MECHANISM WHICH THEY TOO WOULD PREFER TO AVOID. THEY UNCLASSIFIED

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PROPOSED THAT SUCH MEASURES IF REQUIRED BE SUBJECT TO CONTROL BY THE RUBBER COUNCIL, SINCE THE RESULTING STOCKS WOULD BE JOINTLY FINANCED.

4. INVESTMENT. USDEL SOUGHT ADDITIONAL INFORMATION ON INVESTMENT PLANS REQUIRED TO ENSURE ADEQUATE SUPPLIES OF NR. MALAYSIAN DEL CITED GOM COMMITMENT TO SUPPLY EXPANSION UNDER 3RD DEVELOPMENT PLAN AND REITERATED PRODUCERS' OFT-STATED CLAIM THAT CONFIDENCE MUST BE GENERATED THROUGH GUARANTEED FLOOR PRICE BEFORE MASSIVE LONG-TERM INVESTMENT COULD BE UNDERTAKEN.

5. FOR KUALA LUMPUR: WE TOLD MALAYSIANS PRIVATELY WE WOULD REQUEST MORE DETAILED INFORMATION THROUGH EMBASSY. QUESTIONS WILL BE FORWARDED SEPARATELY. VANDEN HEUVEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RUBBER, MEETINGS
Control Number: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
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Handling Restrictions: n/a
Image Path:
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Litigation History:
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Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 243852
Secure: OPEN
Status: NATIVE
Subject: TECHNICAL DISCUSSIONS AT 2ND INTERGOVERNMENTAL TASK FORCE MEETING ON RUBBER
TAGS: ETRD, UNCTAD
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/0e32d504-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009